

K-Petroleum, Inc.

APPLICATION
OF
K-PETROLEUM, INC.

Rates, Rules and Regulations for Furnishing

Natural Gas

AT

Whitley County, Kentucky
Knox County, Kentucky
and
Clay County, Kentucky

CLASSIFICATION OF SERVICE

K-Petroleum, Inc. is applying for status as a farm tap system as described under KRS 278.485. K-Petroleum, Inc. is currently exploring, producing and gathering its own gas in Whitley, Knox and Clay Counties, Kentucky for sale to various users via the Delta Natural Gas Transmission System. K-Petroleum requests approval on the following rate scheduled to sell gas to the homeowners along K-Petroleum, Inc.'s gathering system in Whitley, Knox and Clay Counties.

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All residential customers will be charged the same:

\$6.00 per mcf flat rate
\$10.00 minimum monthly charge
\$100.00 tap fee
\$75.00 cash deposit
\$20.00 re-connect fee

NOV 02 1996

PURSUANT TO 807 KAR 5.011.
SECTION 9 (1)

BY: Phyllis Lammie
DIRECTOR, RATES & RESEARCH DIV.

Any industrial customers will be charged according to a separate special contract.

RULES AND REGULATIONS

The farm tap system will be constructed according to all applicable rules and regulations of the Public Service Commission.

Safety will be monitored, in regards to design and pressure, according to KRS 278.485.

The system will be operated according to the requirements of the aforementioned regulations. K-Petroleum, Inc. will operate the gathering system with its own personnel. The office of K-Petroleum, Inc. will be located at Little Goose Road, Manchester, Kentucky 40962. All customer complaints and questions, billing and collections, meter and line maintenance records and all additional manual and procedures required by the PSC will be handled by that office.

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Issued By: K-Petroleum, Inc.

By: Mike Nami

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GAS SERVICE CONTRACT

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K-PETROLEUM, INC. is to provide natural gas to the undersigned customer according to the following terms as stipulated by the Kentucky Public Service Commission Regulation 278.485:

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- (1) The gas service shall be furnished at rates and minimum monthly charges determined by the Public Service Commission.
- (2) The Applicant for such gas service shall construct or cause to be constructed, and shall maintain and keep in good repair, the service lines, and shall provide and install or cause to be installed, and keep in good repair, the necessary automatic gas regulators, and shall pay the entire cost thereof. The Company, at its own expense, shall provide, install and maintain the necessary gas meters.
- (3) The construction of each service line, the installation, type and number of automatic gas regulators and gas meter or meters and the connection thereof with the gas producing well or pipeline shall be under the supervision of the public service commission or an agent thereof; and, shall conform to such standards of safety, location and convenience as may be prescribed by said commission.
- (4) Neither the gas producer nor the gas pipeline company shall be responsible for maintaining any fixed or specified gas pressure. Neither the gas producer nor the gas pipeline company shall be liable for any accident or accidental injuries or damages which may result from any defect or failure of any automatic gas regulator or for any leakage or other defect or other defect or failure of any service line installed or constructed by the applicant.
- (5) Nothing in this section shall be construed as requiring any gas pipeline company to service any such owner of property or applicant from any line or lines that have been held to be subject to federal jurisdiction by order of the federal energy regulatory commission or a court of competent jurisdiction. The provisions of this section shall apply only to producing gas wells and to gas pipelines commonly known as gathering lines.
- (6) Nothing in this section shall be construed to restrict the right of any gas pipeline company to abandon any gas well or any gathering pipeline, or any part thereof, and to remove any such abandoned pipeline or lines. If service to any customer is terminated because of lack of gas for a period of six (6) months in a pipeline or line which served him, the company shall remove a portion of the main line so as to render it inoperable.

(7) Subject to the rules and regulations of the Public Service Commission, any service may be disconnected and discontinued by the company for failure of the customer to pay any bill as and when due and payable.

SIGNED:

K-PETROLEUM, INC.

CUSTOMER:

(please print)

Signature

ADDRESS: _____

PHONE: WORK: _____

HOME: _____

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